

Urbis Academy Trust

Annual Report and Financial Statements

31 August 2021

Company Limited by Guarantee
Registration Number
10035844 (England and Wales)

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Reference and administrative information

Members	Mr W Harding (Chair of Governors) Mr E Claxton Mr M C Hodges Mr N Pratt
Trustees	Mr W Harding (Chair of Governors) Mr R Dauda Mrs L Klein (resigned 30 September 2020) Ms B Komorowska (until 30 April 2021) Mr A Opoku-Boateng Mrs C Singh Dr A Smart Ms L Smith Ms P Gill Mr O Ali Ms S Parson (appointed 22 February 2021)

Senior Management Team (Key Management Personnel)

Headteacher	Ms S Parson
Interim Headteacher	Ms B Komomowska
Assistant Headteacher	Ms N Quince
Assistant Headteacher	Ms E Clark
Business Manager	Mrs L Klein

Registered address	C/O Mayville Primary School Lincoln Street Leytonstone London E11 4PZ
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Company registration number	10035844
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Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
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Reference and administrative information

Bankers Lloyds Bank PLC
Branch no 306541
39 Threadneedle Street
London
EC2R 8AU

Solicitors LB Waltham Forest
Forest Road
London
E17 4JF

The trustees of Urbis Academy Trust ('the Academy') present their annual report together with the financial statements and the auditor's reports of the charitable company for the year to 31 August 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 32 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

For the year ended 31 August 2021, Mayville Primary School was the only school within Urbis Academy Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Urbis Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Urbis Academy Trust.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

Governors' Indemnity Insurance (including Professional Liability) provides cover up to £10,000,000.

Principal activities

As stated in the Articles of Association, the Academy's objects ("the objects") are specifically restricted to the following:

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities (continued)

The charitable company was created with the objective to advance for the public benefit of education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy").

Trustees

The trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following trustees were in office at 31 August 2021 and served throughout the period except where shown.

Trustee	Appointed	Resigned / until
Mr W Harding (Chair of Governors)		
Mr R Dauda		
Ms S Parson	22 February 2021	
Mrs L Klein		30 September 2020 (until)
Ms B Komorowska (Interim Headteacher)		30 April 2021 (until)
Mr O Ali	17 May 2021	
Mr A Opoku—Boateng		
Ms P Gill	17 May 2021	
Mrs C Signh		
Dr A Smart		
Ms L Smith		

Method of recruitment and appointment or election of trustees

In addition to direct advertising for new trustees, we also use London Borough of Waltham Forest governor services to assist in the recruitment of new trustees, detailing specific skills required, for example; finance, personnel, education and law.

Policies and procedures adopted for the induction and training of trustees

Induction and training procedures for governors are in place and take the form of formal training sessions run by London Borough of Waltham Forest; these cover all areas of governance. Logs of training courses are held on the Trust's website. The trust has a link trustee who monitors training requirements and identifies relevant courses which fit with the trusts objectives and priorities. The Urbis Academy Trust adopts a Governor Code of Conduct that acts as reference for governors and outlines the expectations and responsibilities of their role.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

The aim of the management structure is to delegate responsibility and encourage involvement in decision making at all levels.

The governors are responsible for setting overall policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The full Governing Body has delegated some duties and powers to committees as appropriate which currently includes the Resource Committee and Curriculum Committee.

During the academic year Trustees hold four full Governing Body meetings, preceded by four committee meetings annually.

Appropriate powers and functions are delegated to the Headteacher and include responsibility for the internal organisation, management and control of the academy, the implementation of all policies approved by the Governing Body and the direction of teaching and the curriculum.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of The Urbis Academy Trust are the trustees and the Senior Management Team including the Headteacher, Interim Headteacher, Assistant Headteacher and the School Business Manager. The remuneration of these key personnel is managed, approved and is benchmarked against comparable roles in other schools by the Headteacher in line with the Finance Policies delegation of duties.

Trade union facility time

The School did not employ any members of staff who were relevant union officials during the relevant period.

OBJECTIVES AND ACTIVITIES

Objectives, strategies and activities

We aim to deliver excellent education by providing a stimulating, rich and relevant curriculum which balances the rigorous teaching of core skills and knowledge with creative and imaginative opportunities.

We believe in our role in shaping future communities and aim to ensure our children leave Mayville Primary School as happy, successful, thoughtful, confident individuals and equipped with the skills they need to do the best they can in their immediate environment and the wider world.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Our expectations of the children and the adults within the school are high. We foster a welcoming, safe, disciplined environment where all children, families and all other members of our school community are treated with kindness and respect.

We are committed to providing children with the very best education to ensure that each child reaches their maximum potential and develops a lasting love of learning and sense of curiosity in the world around them.

To achieve our aims we will ensure that:

- ◆ Equality of opportunity and access is promoted and available to all and that all children feel happy, valued, secure and motivated to participate in their own learning.
- ◆ Positive role models are displayed through team work and positive, caring attitudes.
- ◆ A culture of success is emphasised through personal best and achievements are celebrated in a safe environment.
- ◆ Children gain an understanding of their responsibilities by making choices about their behaviour and attitudes in both school and the wider community.
- ◆ The holistic development of each individual is promoted and within this, we recognise the diversity of the individual.
- ◆ Everyone is willing to take on new ideas, share experiences and encounter challenge.
- ◆ All children have equal access to a broad and balanced curriculum, with an emphasis on the child's right to achieve, intellectually, physically, socially, emotionally.
- ◆ Parents/carers feel welcomed and supported as well as involved and informed.
- ◆ Pupil voice is at the heart of all we do to empower all children to become confident, resilient and reflective independent learners.

Public Benefit

In setting the Academy's objectives and planning its activities, the board of trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

Achievements and performance

Financial report for the year

Net expenditure for the period was £367,000 (2020 – net expenditure of £547,000). In addition, an actuarial loss on the defined benefit pension scheme of £197,000 (2020 – a loss of £437,000) was recognised, resulting in a net deficit for the year of £564,000 (2020 – a net deficit £984,000). After removing movements on the fixed asset and pension deficit funds, the net operational deficit for the year was £69,000 (2020 – a deficit of £176,000).

The results for the year are shown in full on page 23.

The Academy had total funds of £11,432,000 (2020 – £11,996,000) at the balance sheet date, including a fixed asset fund of £12,995,000 (2020 – £13,281,000) and a deficit on the pension reserve of £1,630,000 (2020 – £1,341,000). Excluding these funds, the Academy had £67,000 (2020 – £56,000) of reserves at 31 August 2021, represented solely by unrestricted funds at the end of both accounting periods.

Financial and risk management objectives and policies

Risks are defined as uncertain future events that might prevent the academy trust from achieving its objectives. The trustees therefore ensure that it has in place the means to identify, analyse, control and monitor the strategic and operational risks it faces through its Fraud Policy, Risk Register & Business Continuity Plan.

Reserves policy

Trustees review the reserves of the Academy to ensure that they are adequate to meet the needs of the Academy. On conversion to academy trust status, the trustees required a revenue reserve to be created to fund future expenditure related to the Academy Development Plan's strategic long-term aims and developments.

The policy of the Academy is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the DfE.

The trustees have set a minimum level of reserves of £100,000 to be maintained by the Academy. As at 31 August 2021, the Academy had revenue reserves including unrestricted and restricted revenue funds of £67,000 (2020 – £56,000) and therefore the minimum reserves requirement set by the trustees was not achieved. A detailed plan has been put into place in order to protect the financial position of the Academy. This action plan includes careful management of expenditure as far as possible in order to ease cash flow until reserves recover from the significant legal and additional staffing costs incurred during 2018/19 and 2019/20.

Reserves held at year-end are considered sufficient to meet the School's current and expected needs, subject to the uncertainty disclosed in the Going Concern section of this report on page 8.

STRATEGIC REPORT (continued)

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future.

As detailed in the reserves policy above, the total revenue reserves carried forward as at 31 August 2021 were £67,000 (2020 – £56,000). This is lower than the required level of reserves as stipulated in the reserves policy (£100,000), but an action plan has been put into place to ensure that the Academy Trust achieves another in-year surplus during 2021/22 in order to recoup the losses resulting from the legal and HR cases which were ongoing throughout 2018/19 and 2019/20. The management accounts as at 31 October 2021 forecast an in-year surplus of £50,000 based on the performance throughout the year to date. While the Board of Trustees acknowledges the low level of reserves held at 31 August 2021 and that there is a level of uncertainty regarding the future financial results, it has reviewed the Academy Trust's plan to continue to limit costs in the coming year, and has concluded that it is appropriate to prepare the financial statements on the going concern basis.

Investment policy

The trustees will consider the investment of surplus funds of the Academy should future circumstances require, in accordance with the Academies Handbook.

PRINCIPAL RISKS AND UNCERTAINTIES

The trustees have established a risk management policy and a risk register in order to manage the strategic and operational risks to which the Academy is exposed. The principal risks specific to Mayville Primary School include:

- ◆ Health risks to staff and pupils in relation to the ongoing Covid-19 pandemic.
- ◆ Failure to recruit sufficient pupils in order to make the school viable due to the demographic changes in London BWF. Pupil numbers have significantly reduced. House prices have significantly increased, so the larger families in the area have been relocated to Welwyn in Hertfordshire and Luton. The pupil admission number is now 60 pupils per year.
- ◆ The falling number of nursery and primary school aged children in Waltham Forest. After extensive research, the Academy has introduced a full-time Nursery. This attracts working families who need full time care and is proving to be successful.
- ◆ Failure to monitor and react to the risks regarding competitor establishments.
- ◆ Any damage to the Academy Trust's reputation could have an adverse impact on the pupil roll given that school places exceed pupil numbers in the borough.

STRATEGIC REPORT (continued)

The Academy is working to mitigate these three risks by raising awareness to residents in the local area through marketing in order to ensure that pupil recruitment remains sufficient. In addition, maintaining a strong reputation for quality of education and value added will enhance the Academy's ability to recruit pupils.

A detailed COVID-19 Risk Assessment has been implemented, this has also been sent to London Borough of Waltham Forest.

In March 2021 the Trust consulted on a restructure to be implemented in September 2021. The proposed restructure was to change the number of Assistant Headteachers, recruit a Deputy Headteacher and have only one Site Services Officer. In addition to this the posts of Learning Mentors were removed, the contracted hours of the LSA's and Administration Team were changed, whilst two year olds were no longer accepted into the Nursery. From September 2021 all teaching staff starting have been placed on the Outer London main pay scale.

Recruitment processes are managed at the Academy to ensure suitable candidates are sourced. Staff training and retention is also given high priority within the Academy in order to ensure that quality is maintained.

FUNDRAISING

The Academy Trust has not undertaken any fundraising activity during the year.

PLANS FOR FUTURE PERIODS

To continue the marketing campaign to completely fill the nursery, so that the school is fully subscribed for Reception places.

AUDITOR

In so far as the trustees are aware:

- ♦ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ♦ the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the members of the board of trustees, as the company directors and signed on its behalf by:



Rasheed Dauda
Chair of trustees

Date: 8.12.2021

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the Urbis Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Headteacher is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met five times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr R Dauda	3	4
Ms S Parson	1	1
Mr W Harding	4	4
Mrs L Klein	2	4
Ms B Komorowska	3	3
Mr A Opoku-Boateng	2	4
Ms P Gill	1	1
Ms H Roberts	3	3
Mr O Ali	1	1
Mrs C Singh	4	4
Dr A Smart	4	4
Ms L Smith	3	4

Governance reviews

The review of governance arrangements on conversion included a review of the committee structure, membership of committees and also the establishment of appropriate policies for the academy trust.

A full Governance review was completed by Browne Jacobson. This has now been analysed and training sessions for Trustees have been arranged to address any weaknesses. The Chair of Trustees commissioned a full safeguarding review. This was completed on 7 October 2018. All Trustees were invited to Safeguarding training on 1 September 2021

A review of the governance arrangements is carried out on an annual basis.

Governance (continued)

Governance reviews (continued)

The Resources and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to oversee the finances of the Academy and oversee risk management and assurance arrangements.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr R Dauda	3	4
Mr W Harding	4	4
Mrs L Klein	2	4
Ms B Komorowska	3	3
Mr A Opoku-Boeteng	2	4
Ms S Parson	1	1
Mrs C Singh	4	4
Dr A Smart	4	4
Ms L Smith	1	1

The Board maintains effective oversight over the Trust's finances by meeting four times per year and reviewing the reports of its dedicated sub-committees. The Audit/Risk Committee met a further 3 times; 18 November 2020, 17 December 2020 and 18 February 2021 to ensure oversight of the Trust and to elect a new Accounting Officer on 22 February 2021.

Review of value for Money

As accounting officer, the Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. Throughout the disruption caused by the closure of schools due to Covid 19, the Academy Trust continued to pay suppliers in a timely manner.

The accounting officer considers how the trust's use of its resources has provided good value for money during the academic year, and reports to the board of trustees where value for money can be improved, including the use on benchmarking data where available. The accounting officer for the academy trust has delivered and improved value for money during the year by:

Raising Student Attainment

After analysing student attainment in Key Stages 1 and 2, the academy has made a number of key appointments which are focused on raising standards, thus ensuring better value for money.

Review of value for Money (continued)

Financial Governance

An independent and appropriately qualified Chief Financial Officer ensures compliance with ESFA Regulations regarding management of finance and delivering value for money. This is reported to the Audit/Risk Committee at least four times a year.

A qualified Accountant has been appointed as a Responsible Officer, who scrutinises all the Trust Practices. This helps ensure outstanding management of finances to ensure the best possible value for money.

Procurement (Better Purchasing)

The School Business Manager has enabled the Trust to develop better systems for the procurement of goods and services and project management of buildings. All contracts have been analysed and re-negotiated, to ensure the Academy is gaining the most economical, efficient and effective use of all resources. A rigorous tendering and accounting policy has been implemented to ensure this occurs with all contracts.

Reviewing Controls and Managing Risks

On conversion to an Academy, the Trust purchased PS Financials, an accounting package that produces all necessary reports. Monthly budget monitoring reports are produced and reviewed by the School Business Manager, a finance specialist and the accounting officer. Thus, monitoring the exact financial position of the Academy at all times. The Trustees receive monthly management accounts

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

A detailed COVID-19 Risk Assessment has been implemented, this is also sent to London Borough of Waltham Forest

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- ◆ trustees receive monthly Management accounts;
- ◆ regular reviews by the resources and audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

During the 2020/21 academic year, Landau Baker were appointed to carry out a programme of internal checks on the Academy Trust's financial systems and they reported their findings to the Board through the Risk/Audit Committee. In particular, the checks carried out in the current period included internal controls and payroll processes and procedures. In addition, further internal scrutiny was carried out of non-financial controls in areas such as safeguarding and H&S.

Review of effectiveness

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:

- ◆ the work of the external auditor;
- ◆ the additional internal assurance work carried out by the external auditor;
- ◆ the financial management and governance self assessment process;
- ◆ the work of the senior management team within the Academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has advised the finance committee of the implications of her review of the system of internal control by the resources and audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees and signed on their behalf by:



Rasheed Dauda (Chair of trustees)



Sharon Parson. (Accounting Officer)

Approved on: 8.12.2021

Statement on regularity, propriety and compliance 31 August 2021

As accounting officer of Urbis Academy Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.



Sharon Parson.

Accounting Officer

Date: 8.12.2021

Statement of trustees' responsibilities 31 August 2021

The trustees (who act as governors of the Academy and are also the directors of the Academy for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Academy and of its income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' SORP (FRS 102) and the Academies Accounts Direction 2020 to 2021;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the Academy applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the Academy's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 8.12.2021 and signed on its behalf by:



Rasheed Dauda
Chair of trustees

Independent auditor's report on the financial statements to the Members of Urbis Academy Trust

Opinion

We have audited the financial statements of Urbis Academy Trust (the 'charitable company') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2019) and the Academies Accounts Direction 2020 to 2021.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its income and expenditure, for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

Whilst the financial statements for the year ended 31 August 2021 have been prepared by the Trustees on a going concern basis. There is, however, a material uncertainty relating to going concern arising from the uncertainty regarding the future financial results and the level of operational reserves of £67,000 (consisting solely of unrestricted funds) held by the Academy Trust at 31 August 2021. In light of these circumstances, we have considered the adequacy of disclosures made by the Trustees pertaining to the going concern assumption in the preparation of these financial statements and their assessment of the associated uncertainties and concur with their conclusions.

Material uncertainty relating to going concern (continued)

The Trustees' assessment of the going concern position is disclosed as part of the principal accounting policies on page 26. We bring these disclosures to the attention of the members in light of the uncertainty regarding the future financial results and the low level of operational reserves held for the year ended 31 August 2021. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2020 to 2021, the Academies Financial Handbook 2020, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of trustees' meetings and papers provided to the trustees
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of trustees' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

16.12.2021

Hugh Swainson (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

Independent reporting auditor's assurance report on regularity to Urbis Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Urbis Academy Trust during the year from 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Urbis Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Urbis Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Urbis Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Urbis Academy Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Urbis Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Approach (continued)

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during year from 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hugh Swainson
16.12.2021

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure account) Year ended 31 August 2021
DRAFT

			Restricted			
	Notes	Unrestricted general fund £'000	General fund £'000	Fixed assets fund £'000	2021 Total funds £'000	2020 Total funds £'000
Income from:						
Donations and capital grants	1	2	—	16	18	9
Charitable activities						
. Funding for the academy's educational operations	2	6	2,301	—	2,307	2,249
Other trading activities	3	78	—	—	78	82
Total income		86	2,301	16	2,403	2,340
Expenditure on:						
Charitable activities						
. Academy's educational operations	5	6	2,450	314	2,770	2,887
Total expenditure		6	2,450	314	2,770	2,887
Net income (expenditure) before transfers		80	(149)	(298)	(367)	(547)
Gross transfers between funds	14	(69)	57	12	—	—
Other recognised gains and losses:						
Actuarial losses on defined benefit pension scheme	17	—	(197)	—	(197)	(437)
Net movement in funds		11	(289)	(286)	(564)	(984)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2020		56	(1,341)	13,281	11,996	12,980
Total fund balances carried forward at 31 August 2021		67	(1,630)	12,995	11,432	11,996

All of the Academy's activities derived from continuing operations during the above financial periods.

Balance sheet 31 August 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Tangible fixed assets	11		12,995		13,281
Current assets					
Stock		18		17	
Debtors	12	94		119	
Cash at bank and in hand		151		145	
		263		281	
Liabilities					
Creditors: amounts falling due within one year	13	(196)		(225)	
Net current assets			67		56
Total assets less current liabilities			13,062		13,337
Defined benefit pension scheme liability	17		(1,630)		(1,341)
Total net assets			11,432		11,996
Funds of the Academy					
Restricted funds					
. Fixed assets fund	14		12,995		13,281
. Restricted income fund	14		—		—
. Pension reserve	14		(1,630)		(1,341)
			11,365		11,940
Unrestricted funds					
. General fund			67		56
Total funds			11,432		11,996

The financial statements on pages 24 to 47 were approved, authorised for issue by the trustees and are signed on their behalf by:



Rasheed Dauda
Chair of trustees
Date: 8.12.2021

Urbis Academy Trust
Company Limited by Guarantee
Registration Number: 10035844 (England and Wales)

Statement of cash flows 31 August 2021

	Notes	2021 Total funds £'000	2020 Total funds £'000
Cash flows from operating activities:			
Net cash used in operating activities	A	18	(125)
Cash flows from investing activities	B	(12)	(2)
Change in cash and cash equivalents in the period		6	(127)
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2020		145	272
Cash and cash equivalents at 31 August 2021	C	151	145

A Reconciliation of net expenditure to net cash used in operating activities

	2021 Total funds £'000	2020 Total funds £'000
Net expenditure for the year (as per the statement of financial activities)	(367)	(547)
Adjusted for:		
Depreciation (note 11)	314	308
Capital grants from DfE and other capital income (note 1)	(16)	(8)
Defined benefit pension scheme cost less contributions payable (note 17)	65	54
Defined benefit pension scheme finance cost (note 17)	27	19
(Increase) decrease in stock	(1)	(1)
Increase in debtors	25	(18)
Increase (decrease) increase in creditors	(29)	68
Net cash used in operating activities	18	(125)

B Cash flows from investing activities

	2021 Total funds £'000	2020 Total funds £'000
Purchase of tangible fixed assets (note 11)	(28)	(10)
Capital grants from DfE/ESFA, including donated fixed assets (note 1)	16	8
Net cash used in investing activities	(12)	(2)

C Analysis of changes in net debt

	2020 Total funds £'000	Cash flows £'000	2021 Total funds £'000
Cash at bank and in hand	145	6	151
Total cash and cash equivalents	145	6	151

Statement of accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Urbis Academy Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in pounds sterling and are rounded to the nearest thousand.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

As at 31 August 2021, the total revenue reserves carried forward were £67,000 (2020 – £56,000). This is lower than the required level of reserves as stipulated in the reserves policy (£100,000), but an action plan has been put into place to ensure that the Academy Trust achieves another in-year surplus during 2021/22 in order to recoup the losses resulting from the legal and HR cases which were ongoing throughout 2018/19 and 2019/20. The management accounts as at 31 October 2021 forecast an in-year surplus of £50,000 based on the performance throughout the year to date. While the Board of Trustees acknowledges the low level of reserves held at 31 August 2021 and that there is a level of uncertainty regarding the future financial results, it has reviewed the Academy Trust's plan to continue to limit costs in the coming year, and has concluded that it is appropriate to prepare the financial statements on the going concern basis.

Income

All income is recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

The General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, catering income, school trips, full time nursery provision and after school club, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All expenditure is stated net of recoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost/valuation of each asset on a straight-line basis over its expected useful economic life, as follows:

♦ Long leasehold buildings	2% per annum
♦ Furniture and equipment	25% per annum
♦ Computer equipment	33.3% per annum

Depreciation is charged from the month of acquisition.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

Stock

Stock is valued at the lower of cost or net realisable value.

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand. Notice deposits are included on the balance sheet as short term deposits.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

Pensions benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted income funds comprise all other grants received from the Education and Skills Funding Agency, the Local Authority or other revenue funds that are given for specific purposes.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

1 Donations and capital grants

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2021 Total funds £'000	2020 Total funds £'000
Capital grants	—	—	8	8	8
Donated fixed assets	—	—	8	8	—
Other donations	2	—	—	2	1
2021 Total funds	2	—	16	18	9

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000
Capital grants	—	—	8	8
Other donations	—	1	—	1
2020 Total funds	—	1	8	9

2 Funding for the academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020* Total funds £'000
DfE / ESFA revenue grants				
. General Annual Grant (GAG)	—	1,707	1,707	1,682
Other DfE / ESFA				
. UIFSM	—	54	54	53
. Pupil Premium	—	123	123	125
. Others	—	96	96	100
	—	1,980	1,980	1,960
Other government grants				
. Local authority grants	—	284	284	260
	—	284	284	260
COVID-19 additional funding (DfE/ESFA)				
Catch-up premium	—	27	27	—
Other DfE/ESFA COVID-19 funding	—	10	10	—
	—	37	37	—
Exceptional government funding				
Coronavirus exceptional support	—	—	—	29
	—	—	—	29
Other income from the academy's educational operations	6	—	6	—
2021 Total funds	6	2,301	2,307	2,249

2 Funding for the academy's educational operations (continued)

The trust received £26,800 of funding for catch-up premium and costs incurred in respect of this funding totalled £26,800, with no unspent balance remaining at year-end.

*Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2020 Total funds £'000</i>
<i>DfE / ESFA revenue grants</i>			
. General Annual Grant (GAG)	—	1,682	1,682
<i>Other DfE / ESFA</i>			
. UIFSM	—	53	53
. Pupil Premium	—	125	125
. Others	—	100	100
Other DfE Group grants	—	1,960	1,960
<i>Other government grants</i>			
. Local authority grants	—	260	260
	—	260	260
COVID-19 additional funding (DfE/ESFA)			
<i>Exceptional government funding</i>			
Coronavirus exceptional support	—	29	29
	—	29	29
<i>Other income from the academy's educational operations</i>			
2020 Total funds	—	2,249	2,249

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- ♦ The funding received for coronavirus exceptional support grant of £28,764 is receivable in respect of exceptional premises and cleaning costs relating to suspected Covid-19 cases, as well as the costs of providing free school meals outside of the national voucher scheme. These costs are included within the expenditure shown in notes 4 and 5 below.

3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020 Total funds £'000
Hire of facilities/ lettings income	14	—	14	24
Income from other charitable activities	43	—	43	34
Income from ancillary trading activities	21	—	21	24
2021 Total funds	78	—	78	82

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000
<i>Hire of facilities/ lettings income</i>	24	—	24
<i>Catering income</i>	—	20	20
<i>Trip income</i>	4	—	4
<i>Other income</i>	34	—	34
2020 Total funds	62	20	82

4 Expenditure

	Staff costs £'000	Non-pay expenditure		2021 Total funds £'000
		Premises £'000	Other costs £'000	
Academy's educational operations:				
. Direct costs	1,447	314	51	1,812
. Allocated support costs	532	173	253	958
2021 Total funds	1,979	487	304	2,770

	Staff costs £'000	Non-pay expenditure		2020 Total funds £'000
		Premises £'000	Other costs £'000	
Academy's educational operations:				
. Direct costs	1,462	308	68	1,838
. Allocated support costs	533	169	347	1,049
2020 Total funds	1,995	477	415	2,887

4 Expenditure (continued)

	2021 Total funds £'000	2020 Total funds £'000
Net income (expenditure) for the year includes:		
Depreciation	314	308
Fees payable to auditor		
. Statutory audit	12	8
. Other services	12	7

5 Charitable activities – academy's educational operations

	2021 Total funds £'000	2020 Total funds £'000
Direct costs	1,812	1,838
Support costs	958	1,049
	2,770	2,887

	2021 Total funds £'000	2020 Total funds £'000
Analysis of support costs		
Support staff costs	532	533
Technology costs	34	34
Premises costs	173	169
Legal costs – other	16	45
Other support costs	168	233
Governance costs (note 6)	35	35
Total support costs	958	1,049

6 Governance costs

	2021 Total funds £'000	2020 Total funds £'000
Legal and professional fees	16	20
Auditor's remuneration:		
. Audit of financial statements	12	7
. Other services	12	8
	40	35

7 Comparative information

The comparative information is for the previous year to 31 August 2020.

	Unrestricted general fund £'000	Restricted funds			2020 Total funds £'000
		General fund £'000	Other funds £'000	Fixed assets fund £'000	
Income from:					
Donations and capital grants	—	1	—	8	9
Charitable activities					
. Funding for the academy's educational operations	—	1,989	260	—	2,249
Other trading activities	62	20	—	—	82
Total income	62	2,010	260	8	2,340
Expenditure on:					
Charitable activities					
. Academy's educational operations	25	2,294	260	308	2,887
Total expenditure	25	2,294	260	308	2,887
Net income (expenditure) before transfers	37	(284)	—	(300)	(547)
Gross transfers between funds	(213)	211	—	2	—
Other recognised gains and losses:					
Actuarial losses on defined benefit pension scheme	—	(437)	—	—	(437)
Net movement in funds	(176)	(510)	—	(298)	(984)
Reconciliation of funds					
Total fund balances brought forward at 1 September 2019	232	(831)	—	13,579	12,980
Total fund balances carried forward at 31 August 2020	56	(1,341)	—	13,281	11,996

8 Staff

(a) Staff costs

Staff costs during the year were:

	2021 Total funds £'000	2020 Total funds £'000
Wages and salaries	1,420	1,405
Social security costs	134	119
Operating costs of defined benefit pension schemes	349	336
	1,903	1,860
Supply staff costs	76	135
	1,979	1,995

8 Staff (continued)

(b) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy during the period was as follows:

Charitable activities	2021 No.	2020 No.
Teachers	15	15
Administration and support	29	28
Management	5	5
	49	48

(c) Higher paid staff

Charitable activities	2021 No.	2020 No.
£60,001 – £70,000	1	—
£70,001 – £80,000	2	1

(d) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust in the year to 31 August 2021 was £378,606 (2020 – £374,227).

9 Trustees' remuneration and expenses

The Headteacher, Headteacher and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher, Interim Headteacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

	2021 £'000	2020 £'000
Ms Carnet Russell, Headteacher (resigned 19 October 2019)		
. Remuneration	—	15-20
. Employer's pension contributions	—	0-5
Mrs Lorraine Klein, Business Manager		
. Remuneration	—	55-60
. Employer's pension contributions	—	15-20
Ms Hannah Roberts, staff Governor (appointed 19 November 2019)		
. Remuneration	—	34-40
. Employer's pension contributions	—	5-10
Ms Beverley Komorowska, Interim Headteacher (Appointed 31 October 2019)		
. Remuneration	75-80	70-75
. Employer's pension contributions	15-20	15-20
Ms S Parson, Headteacher and Trustee		
Remuneration	70-75	—
Employer's pension contribution	15-20	—

9 Trustees' remuneration and expenses (continued)

During the year ended 31 August 2021 no travel and subsistence expenses were reimbursed to trustees (2020– none).

10 Trustees' and Officers' insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees' and officers' indemnity element from the overall cost of the RPA scheme.

11 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Computer equipment £	Total funds £
Cost				
At 1 September 2020	14,490	45	33	14,568
Additions	—	2	26	28
At 31 August 2021	<u>14,490</u>	<u>47</u>	<u>59</u>	<u>14,596</u>
Depreciation				
At 1 September 2020	1,248	31	8	1,287
Charge in the year	289	11	14	314
At 31 August 2021	<u>1,537</u>	<u>42</u>	<u>22</u>	<u>1,601</u>
Net book value				
At 31 August 2021	<u>12,953</u>	<u>5</u>	<u>37</u>	<u>12,995</u>
At 31 August 2020	<u>13,242</u>	<u>14</u>	<u>25</u>	<u>13,281</u>

12 Debtors

	2021 £'000	2020 £'000
Trade debtors	—	7
VAT recoverable	14	19
Other debtors	44	55
Prepayments and accrued income	<u>36</u>	<u>38</u>
	<u>94</u>	<u>119</u>

13 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	79	90
Other taxation and social security	35	32
Accruals and deferred income	82	70
Other creditors	—	33
	196	225
Deferred income		
Deferred Income at 1 September 2020	39	27
Released during the year	(39)	(27)
Resources deferred in the year	26	39
Deferred Income at 31 August 2021	26	39

Deferred income of £26,454 (2020 – £38,640) relates to income received in advance of 2021/122 in respect of the universal infant free school meals grant and special educational needs funding.

14 Funds

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2021 £'000
Restricted general funds					
. General Annual Grant (GAG)	—	1,707	(1,764)	57	—
. Pupil premium	—	123	(123)	—	—
. Catch-up premium	—	27	(27)	—	—
. Other DfE/ESFA COVID-19 funding	—	10	(10)	—	—
Other COVID-19 funding					
. Other grants	—	434	(434)	—	—
. Pension reserve	(1,341)	—	(92)	(197)	(1,630)
	(1,341)	2,301	(2,450)	(140)	(1,630)
Fixed assets fund					
. Academy buildings constructed by local authority	3,518	8	(76)	—	3,450
. ESFA capital grants	33	8	(11)	—	30
. Capital expenditure from GAG	39	—	(14)	12	37
. Academy building and furniture and equipment transferred on conversion	9,691	—	(213)	—	9,478
	13,281	16	(314)	12	12,995
Total restricted funds	11,940	2,317	(2,764)	(128)	11,365
Total unrestricted funds	56	86	(6)	(69)	67
Total funds	11,996	2,403	(2,770)	(197)	11,432

14 Funds (continued)

During the year, transfers totalling £57,000 (2020 – £211,000) were made from the unrestricted fund to cover overspends in the restricted GAG fund.

The specific purposes for which the funds are to be applied are as follows:

ESFA revenue grant fund and other restricted funds

Revenue grants from the ESFA for the Academy's ongoing operations.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

Pension reserve

The pension reserve relates to the Academy's share of the deficit of the London Borough of Waltham Forest Local Government Pension Scheme.

Fixed asset fund

These funds relate to capital funding from the ESFA and private donations as well as assets transferred from the local authority on conversion.

Comparative information

Comparative information in respect of the preceding period is as follows:

14 Funds (continued)

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
<i>Restricted general funds</i>					
. General Annual Grant (GAG)	—	1,794	(2,005)	211	—
. Pupil premium	—	53	(53)	—	—
. UIFSM	—	13	(13)	—	—
<i>Other COVID-19 funding</i>					
. Other grants					
. Other ESFA grants	—	129	(129)	—	—
. Pension reserve	(831)	—	(73)	(437)	(1,341)
. Local authority grants	—	260	(260)	—	—
. Other restricted funds	—	21	(21)	—	—
	<u>(831)</u>	<u>2,270</u>	<u>(2,554)</u>	<u>(226)</u>	<u>(1,341)</u>
<i>Fixed assets fund</i>					
. ESFA capital grants	41	8	(16)	—	33
. Capital expenditure from GAG	39	—	(2)	2	39
. Academy buildings constructed by local authority	3,595	—	(77)	—	3,518
. Academy building and furniture and equipment transferred on conversion	9,904	—	(213)	—	9,691
	<u>13,579</u>	<u>8</u>	<u>(308)</u>	<u>2</u>	<u>13,281</u>
<i>Total restricted funds</i>	<u>12,748</u>	<u>2,278</u>	<u>(2,862)</u>	<u>(224)</u>	<u>11,940</u>
<i>Total unrestricted funds</i>	<u>232</u>	<u>62</u>	<u>(25)</u>	<u>(213)</u>	<u>56</u>
<i>Total funds</i>	<u>12,980</u>	<u>2,340</u>	<u>(2,887)</u>	<u>(437)</u>	<u>11,996</u>

15 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2021 £'000
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	—	—	12,995	12,995
Current assets	67	196	—	263
Current liabilities	—	(196)	—	(196)
Pension scheme liability	—	(1,630)	—	(1,630)
Total net assets	67	(1,630)	12,995	11,432

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2020 £'000
<i>Fund balances at 31 August 2020 are represented by:</i>				
<i>Tangible fixed assets</i>	<i>—</i>	<i>—</i>	<i>13,281</i>	<i>13,281</i>
<i>Current assets</i>	<i>56</i>	<i>225</i>	<i>—</i>	<i>281</i>
<i>Current liabilities</i>	<i>—</i>	<i>(225)</i>	<i>—</i>	<i>(225)</i>
<i>Pension scheme liability</i>	<i>—</i>	<i>(1,341)</i>	<i>—</i>	<i>(1,341)</i>
<i>Total net assets</i>	<i>56</i>	<i>(1,341)</i>	<i>13,281</i>	<i>11,996</i>

16 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

17 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Waltham Forrester. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

17 Pension and similar obligations (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary – these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £195,978 (2020 – £202,516).

A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

17 Pension and similar obligations (continued)***Local Government Pension Scheme (LGPS)***

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £178,000 (2020 – £176,000), of which employer's contributions totalled £145,000 (2020 – £144,000) and employees' contributions totalled £33,000 (2020 – £32,000).

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of the Academy Trust's closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	4.3%	3.8%
Rate of increase for pensions in payment / inflation	2.9%	2.4%
Discount rate for scheme liabilities	1.7%	1.8%
Inflation assumption (CPI)	2.8%	2.3%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 August 2021	At 31 August 2020
<i>Retiring today</i>		
Males	22.7	22.6
Females	25.2	25.1
<i>Retiring in 20 years</i>		
Males	24.4	24.2
Females	27.1	27.0

Sensitivity analysis

	2021 £'000	2020 £'000
Discount rate +0.1%	(48)	(37)
Discount rate -0.1%	49	—
Mortality assumption – 1 year increase	64	44
Mortality assumption – 1 year decrease	(62)	—
CPI rate +0.1%	50	37
CPI rate -0.1%	(49)	—

17 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The Academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2021 £'000	Fair value at 31 August 2020 £'000
Equities	313	129
Property	37	18
Cash and other liquid assets	15	11
Other	32	48
Total market value of assets	397	206

	2021 £'000	2020 £'000
Amounts recognised in statement of financial activities		
Current service cost	210	198
Past service cost (McCloud judgement)	—	—
Net interest cost	23	15
Admin expenses	4	4
Total amount recognised in the SOFA	237	217

	2021 £'000	2020 £'000
Changes in the net pension liability were as follows:		
At 1 September 2020	1,341	831
Current service cost	210	198
Past service cost (McCloud judgement)	—	—
Employer's contribution	(145)	(144)
Net interest and admin cost	27	19
Net actuarial loss	197	437
At 31 August 2021	1,630	1,341

	2021 £'000	2020 £'000
Changes in the present value of defined benefit obligations were as follows:		
At 1 September 2020	1,547	1,320
Current service cost	210	198
Past service cost (McCloud judgement)	—	—
Interest cost	28	25
Employee contributions	33	32
Benefits paid	(24)	(30)
Actuarial (gain)/loss	233	—
Change in financial assumptions	—	2
At 31 August 2021	2,027	1,547

17 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Academy's share of scheme assets were as follows:	2021 £'000	2020 £'000
At 1 September 2020	206	489
Admin expenses	(4)	(4)
Interest income	5	10
Actuarial (loss) gain	36	(435)
Employer contributions	145	144
Employee contributions	33	32
Benefits paid	(24)	(30)
At 31 August 2020	397	206

18 Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

Other than as disclosed in note 9, no related party transactions took place during the period of account.

19 Contingent liabilities

There are ongoing employment claims against the Academy Trust and there is a risk that these could result in a financial liability of up to £181,970 becoming payable if they are successful. The Academy Trust does not accept these claims and is contesting them. The ESFA's Risk Protection Arrangement covers up to £100,000 on any individual case and based on the potential liability for each separate case, the maximum potential liability for the Academy Trust would be £35,526.